

# Robert W. Seiden

Court-Appointed Temporary Receiver for Link Motion Inc. Pursuant to The Honorable Judge Victor Marrero of the United States District Court, Southern District of New York

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October 2, 2020

## **REQUEST THAT THIS LETTER AND ALL ATTACHMENTS BE KEPT UNDER SEAL**

### **VIA FEDEX**

Honorable Victor Marrero  
Suite 1040  
United States Courthouse  
500 Pearl Street  
New York, New York 10007

**Re: *Baliga v. Link Motion Inc. et al.*, 1:18-cv-11642 (S.D.N.Y.) (VM) (DCF)**

Dear Judge Marrero:

I hope this correspondence finds you healthy and well. I write to inform the Court that the Receiver's legal team is seeking to recover US\$10 million that the current majority shareholder of Link Motion Inc. ("Link Motion" or the "Company"), China AI Capital Limited ("China AI"), owes to the Company for 50% of the 70,175,439 shares currently owned of the Company. To date, China AI has refused to deposit into escrow or trust the funds it owes to the Company for payment of the shares for which China AI has been in default of for roughly two years. As a result, I ask this Court to grant permission to cancel China AI's unpaid 35,087,719 shares of Link Motion and seek to remove these shares from the Cayman registry.

After engaging Maples Corporate Services Limited ("Maples") as Link Motion's registered agent in the Cayman Islands, my legal team was able to secure a copy of the Subscription Agreement entered into between China AI and Link Motion ("Subscription Agreement"), attached hereto as Exhibit A, as well as an updated version of Link Motion's shareholder registry ("Registry"), attached hereto as Exhibit B.

Under the terms of the Subscription Agreement, China AI was obligated to pay US\$10 million as an initial payment and US\$10 million by September 19, 2018 for 70,175,439 shares of the Company. China AI's ownership of the shares was reflected on the Registry upon delivery of the initial payment. Upon review of the Registry, China AI only paid the initial payment, accounting for 50% of its shares of the Company, and never paid the subsequent payment of US\$10 million.<sup>1</sup>

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<sup>1</sup> See Exhibit B, Shareholder Registry pg. 7 of 10 ("\*50 Full paid; 50% Nil paid").

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During the course of investigation into the issue of the US\$10 million owed to the Company, the Receivership legal team uncovered an SEC press release (“Press Release”), attached hereto as Exhibit C. The Press Release explains that the Company granted China AI an extension of the September 2018 closing date to November 19, 2018. However, China AI did not pay the US\$10 million by November 19, 2018. To date, China AI has not paid for over 35,000,000 shares of the Company and yet simultaneously benefits from the ownership of these shares by exerting its rights and privileges in this court as majority shareholder of Link Motion. Simply put, China AI is reaping the benefits of owning these shares without having paid for them.

Because China AI has been in default under the Subscription Agreement, the Receiver’s team is seeking to recover funds rightfully owed to Link Motion. In accordance with the Company’s Articles of Association and the Subscription Agreement, by letter dated August 25, 2020, the Receiver’s legal counsel in the Cayman Islands sent China AI’s counsel, Jae Cho, as well as a copy to China AI’s registered agent in the Cayman Islands, a letter demanding China AI pay for the remaining unpaid shares or risk the unpaid shares being struck off the Company’s Registry. China AI responded that the Receiver did not have the authority to cancel China AI’s unpaid shares and requested financial statements and a business plan before proceeding further.

Seeking to recover the US\$10 million that China AI owes to the Company, the Receiver’s counsel offered to engage in settlement discussions if China AI’s request for the financial statements and a business plan was waived and that China AI put US\$10 million in an escrow account as a good faith gesture. China AI was guaranteed that the US\$10 million would be promptly returned if no settlement could be reached within 20 business days.

In response to the Receiver’s proposal, China AI asked for a month to respond and still requested the Company’s financial documents. China AI is not negotiating in good faith as it knows the Company is in Receivership and cannot produce these documents, and instead wants to keep its shares of the Company without paying for them.

Because China AI is currently in default under the Subscription Agreement, the Company has the unilateral power under sections 2(b) and 2(f) of the Subscription Agreement to cancel China AI’s unpaid shares. Therefore, as China AI is still benefitting from shares of the Company that it has not paid for and is refusing to pay for, the Receiver seeks this Court’s permission to cancel China AI’s unpaid shares.

Thank you for your time and assistance with this matter. Please do not hesitate to contact me via email or telephone if your Honor wishes to discuss this matter in further detail.

Sincerely,

*Robert Seiden*

Robert W. Seiden, Esq.  
Court-Appointed Temporary Receiver for  
Link Motion Inc